

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6485

BILL NUMBER: SB 407

NOTE PREPARED: Jan 1, 2007

BILL AMENDED:

SUBJECT: Licensure of Painters.

FIRST AUTHOR: Sen. Broden

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: *Licensure of Professional Painters*- The bill requires professional painters to be licensed.

Occupational Safety Standards Commission - The bill requires the Occupational Safety Standards Commission (OSSC) to adopt rules for licensing requirements for professional painters.

Indiana Department of Labor- The bill requires the Indiana Department of Labor to implement the licensing requirements for professional painters.

Effective Date: July 1, 2007.

Summary of Net State Impact: The impact to the OSSC is estimated at \$49,800 per fiscal year. The impact to the Department of Labor is estimated at approximately \$298,600 in FY 2008 and \$294,300 in FY 2009. This results in total expenditures needed to implement these provisions of \$348,400 in FY 2008 and \$344,100 in FY 2009.

Based on estimated expenditures and the number of expected licensees, a professional painters license would need to cost \$77 to cover the anticipated expenses in the first year.

Explanation of State Expenditures: *Occupational Safety Standards Commission* - The Occupational Safety Standards Commission would be required to:

(1) establish requirements for basic and supplemental hazardous painting programs;

- (2) approve or disapprove programs proposed by contractors and labor organizations;
- (3) assist persons who propose programs to meet requirements for approval;
- (4) establish safety requirements for hazardous painting; and
- (5) issue citations to painters who perform hazardous painting without obtaining a professional painters license.

The Commission is also required to create an application form and establish a fee for the professional painters license.

The Commission would likely incur expenditures if additional meetings were held. For every additional hearing day to investigate complaints, the Commission would spend approximately \$1,050 on per diem and travel expenses for its nine members. If about 10% of licensing cases had citations issued annually, it would cost the Commission an additional \$49,800 in per diem and travel costs.

Department of Labor - The Department is required to issue the professional painter license and inspect job sites to make sure painters are licensed and working safely.

Licensure: In order to carry out the licensing provisions of this bill, the Department may need two additional staff positions, including a PAT II and COMOT I. However, temporary staff may also be utilized initially, leaving fewer full-time staff to maintain the licensure provisions. For two additional positions, the cost for implementing the licensure requirements would amount to \$94,600 in FY 2008 and \$92,300 in FY 2009.

Enforcement: In regard to additional legal staff to initiate injunctive proceedings through the court system, the cost for an Attorney E7 and COMOT I would be approximately \$104,000 in FY 2008 and \$102,000 in FY 2009.

Inspections: The Department would inspect job sites and check that painters are both licensed and working safely. Indiana Occupational Safety and Health Administration (OSHA) staff are currently used for employer compliance functions. Staff may not be able to be used to check licenses due to the restrictions placed by the federal government on OSHA grants received by Indiana. Therefore, a nonfederal funding source would be necessary to hire or use existing staff for licensing duties. If 5% of employee staff time were used to inspect licenses, the funding required from nonfederal sources would be about \$100,000 per year (assuming current levels of federal OSHA grants to Indiana continue).

The total cost to the Department for licensure, enforcement, and inspections is thus estimated at \$298,600 in FY 2008 (\$94,600 + \$104,000 + \$100,000) and \$294,300 in FY 2009 (\$92,300 + \$102,000 + \$100,000).

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. As of January 1, 2007, the Department of Labor had 38 budgeted vacancies valued at \$1.1 M. At the end of FY 2006, the Department reverted \$0.9 M to the General Fund (about \$440,000 from the Occupation Safety and Health Account). Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues: *Licensure* - The Department of Labor estimates that 8,940 painters would

fall under the proposed licensing requirements. However, due to the temporary nature of the work, there may be fewer than the listed number that apply for a license. If half of the painters were to apply for an initial license, or about 4,500, the license fee would need to be set at \$77 to cover the estimated cost to the Department for licensure of \$348,400 in FY 2008.

Court Fee Revenue - The Commission may impose a civil penalty of \$200 for an initial violation of the statute and up to \$1,000 for subsequent violations. The Department of Labor may also initiate injunctive proceedings against a painter who acts as a professional painter without a license. If additional civil actions occur, revenue to the state General Fund may increase if court fees are collected. A civil filing fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Court Fee Revenue* - If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 filing fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund.

State Agencies Affected: Department of Labor; Occupational Safety Standards Commission.

Local Agencies Affected: Trial courts, city and town courts.

Information Sources: Department of Labor; State Budget Agency: *General Fund Reversion Summary FY 2006*; Vacant position report, 1/1/2007.

Fiscal Analyst: Chris Baker, 317-232-9851.